

Compliance

>> Basic Approach to Internal Controls

Based on the Companies Act and the Ordinance for Enforcement of the Companies Act, Daiseki established the following system for ensuring the appropriateness of operations (hereinafter, the "internal control system").

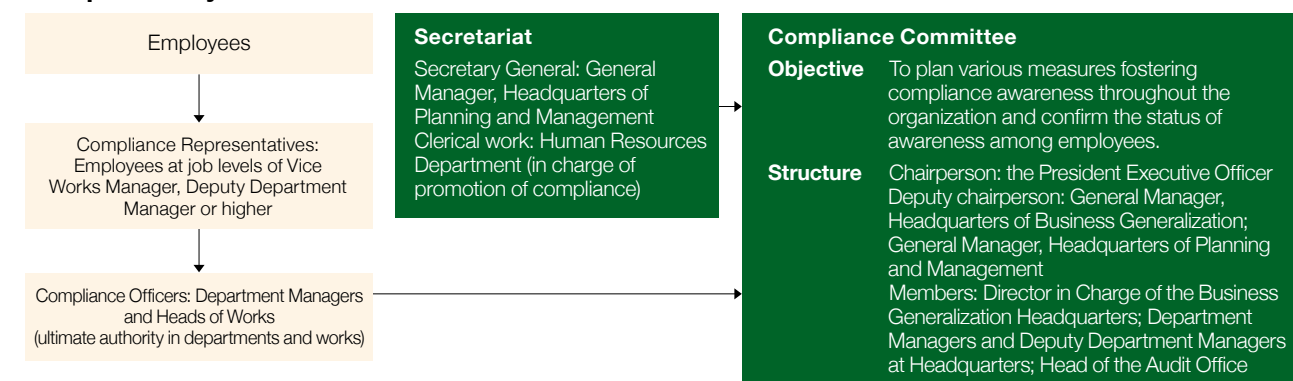
- (1) Within the Daiseki Ethics Charter, Daiseki established three guidelines for corporate behavior that convey its stance on growing and developing alongside society: Social roles and responsibilities, compliance with laws and regulations, respect for human rights and the fostering of a free and open corporate culture. To achieve perpetual development as an industry leader, Daiseki has developed an internal control system and strives to embody its Ethics Charter.
- (2) The Board of Directors formulates basic policies for internal control, provides instructions and supervision on the implementation status of internal controls, confirms maintenance and operational status and reviews basic policies and countermeasures when necessary.
- (3) Daiseki established the Internal Control System Promotion Committee chaired by the President Executive Officer, to ensure reliable financial reporting through the establishment and maintenance of internal control system programs.

>> Compliance System

The Daiseki Group established the Compliance Committee in May 2002 and formulated and publicly disclosed its Ethics Charter and Code of Conduct, both internally and externally. Chaired by the President and Representative Director, the Compliance Committee works to establish a company-wide compliance system, identify issues, analyze compliance risks specific to each department, and develop concrete countermeasures. If Daiseki Group officers or departmental compliance officers identify a compliance issue, they must promptly report it to the Compliance Committee.

Code of Conduct

Compliance System



>> Compliance Consultation Desk (Including the External Hotline) and Protection of Whistleblowers

The Daiseki Group has established an easy-to-use compliance consultation desk where employees can consult directly with Daiseki's Human Resources Department or corporate lawyers. The Group informs employees of the desk's importance and ensures that it operates effectively. When employees consult, the consultation counter will investigate the matter, determine the countermeasure to prevent it from happening again with the related departments and implement it thoroughly, company-wide. Employees who make reports are protected from any disadvantage. Information provided by whistleblowers is handled only by those responsible and is kept strictly confidential. All information from whistleblowers is handled in the strictest confidence only by those who respond in the whistleblower system so no information is leaked to the outside. A total of 10 compliance consultations were received in FY2026.

>> Status of Compliance

In FY2026 again, the Daiseki Group complied with various laws and regulations, including those related to the environment, and did not receive any adverse dispositions (orders for improvement, orders for action, or business suspension orders).

>> Protection of Human Rights

In May 2025, we established the Daiseki Group Human Rights Policy. We support and respect internationally recognized human rights standards, including the Universal Declaration of Human Rights, the ILO Declaration on Fundamental Principles and Rights at Work, and the Ten Principles of the United Nations Global Compact, respect internationally recognized human rights, and ensure compliance with related laws and regulations of countries and regions where we engage in business activities.

Protection of human rights

>> Prevention of Corruption

In May 2025, we established the Daiseki Group Corruption Prevention Policy. We set the following items, and we will surely observe related laws and regulations of countries and regions where we engage in business. We will under no circumstances ever tolerate involvement in acts of corruption.

- (1) Scope of application
- (2) Organizational structure for preventing corruption
- (3) Prohibited acts
- (4) Education
- (5) Appropriate accounting record and management
- (6) Monitoring
- (7) Establishment of a whistleblowing office
- (8) Action for dealing with violations, etc.

Prevention of corruption

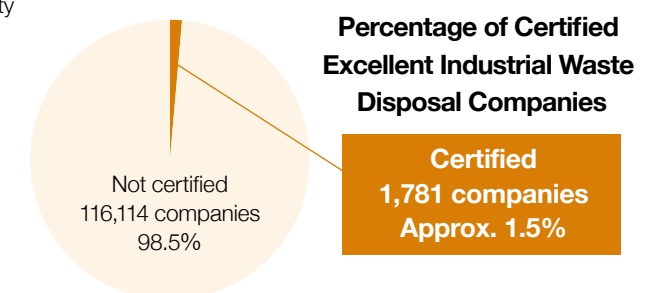
Status of corruption incidents

In FY2026, there were no cases of employees being dismissed or disciplined due to corruption in the Daiseki Group. There were also no cases of contracts with business partners being terminated or not renewed due to corruption-related contract violations. In addition, no lawsuits related to corruption were filed against the Daiseki Group or its employees.

>> Excellent Industrial Waste Disposal Company Certification System

Daiseki was the first operator to be certified under this system by the city of Nagoya in 2011, and as of the end of February 2026, we were certified as Excellent by a total of 49 local governments (45 prefectures and four cities), excluding Hokkaido and Okinawa Prefecture.

The criteria for certification as an excellent certified business include assurance of legal compliance, disclosure of business information, implementation of environmentally friendly measures, and financial soundness. As of the end of July 2025, there were 117,895 industrial waste management operators (disposal companies and collectors/transporters) in Japan, of which 1,781 companies, or about 1.5%, have been certified as excellent industrial waste disposers.



>> Quality Control System

Daiseki confirms that recycled products, secondary waste sent for landfill or incineration, cement raw materials, and other materials comply with internal standards that are stricter than laws and regulations when they are shipped.



Quality control analysis in progress

>> Supply Chain Management

Daiseki contracts the collection, transportation, and final disposal of industrial waste to suppliers. To ensure that these suppliers comply with the Waste Management and Public Cleansing Act and other laws and regulations, Daiseki systematically visits suppliers every year to check their compliance with related laws and regulations.



Visits to suppliers' sites